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LETTER DATED 12 JUNE 1999 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 11 June 1999 from Mr. Mohammed Said Al-Sahaf, Minister for Foreign Affairs of Iraq. The Minister states that the withholding of compensation payments from Iraqi funds designated for urgent humanitarian needs represents a violation of Iraq's rights, and he urges you to intervene with a view to halting the withholding of these amounts and instituting a review of the budget of the United Nations Compensation Commission.

I should be grateful if you would have the present letter and its annex circulated as a document of the Security Council.

(Signed) Saeed H. HASAN
Ambassador
Permanent Representative

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Annex

Letter dated 11 June 1999 from the Minister for Foreign Affairs of Iraq addressed to the Secretary-General

In my letter dated 29 April 1999 addressed to you (S/1999/500, annex), I set forth our reasons for urging you to endeavour to halt the withholding of amounts from Iraqi funds designated for the purchase of some but not all of the urgent humanitarian needs of the Iraqi people for the purpose of so-called compensation payments. The current percentage, that decided by the Security Council in its resolution 986 (1995), is the upper limit of the range that you proposed in your report of 2 May 1991 (S/22559) and that was approved by the Council in its resolution 705 (1991) of 15 August 1991. The Governing Council of the United Nations Compensation Fund was authorized to decide on the appropriate percentage within this range, but such a decision has yet to be taken. The percentage presently withheld thus represents a violation of Iraq's rights, especially since paragraph 19 of resolution 687 (1991), in which the Council requests the Secretary-General to determine the appropriate level of the amount to be withheld, requires that account be taken of "the requirements of the people of Iraq, Iraq's payment capacity ... taking into consideration external debt service, and the needs of the Iraqi economy". On this basis, it is neither reasonable nor just that, in its resolution 986 (1995) and all the subsequent resolutions extending the operation of the oil-for-food formula, the Security Council should have decided that the percentage to be withheld should be the upper limit. The Council's idea, after all, was that the oil-for-food formula was supposed to meet the needs of the people of Iraq. The injustice of this measure is patently obvious when we bear in mind that the total amount withheld under the formula thus far is $3,269 million and that an amount of $2,716.2 million has been allotted for payment.

What is remarkable in this context is the allocation of $125.4 million to cover the operating expenses of the Compensation Commission, to say nothing of the fact that scrutiny of the status of the accounts as given in the Secretary-General's report of 18 May 1999 (S/1999/573) shows that there is an enormous sum of $437.4 million that is not mentioned. The whereabouts of this sum and of the accumulated interest on it are unknown to us.

Iraq has already raised the question of the enormous expenditures of the secretariat of the United Nations Compensation Commission on a number of occasions, and it adheres to its established position concerning the manner in which the Commission was established, its lack of legitimacy and the fact that its rules and practices violate the established norms of international law and internationally approved procedures. We feel obliged to state that the enormous sum mentioned under this item in your above-mentioned report is due to extravagance and waste in connection with all the allocations made without regard for cost controls or for a realistic ceiling on expenditure in all areas and without taking account of the difficult economic circumstances being experienced by Iraq.

We feel that it is important, and indeed that it is a legal and moral duty, to take account in the context of the expenditures of the Compensation

Commission of the fact that Iraq meets all of the Commission's costs. The amount of the compensation payments alone is sufficient to place a heavy burden on the Iraqi economy, over and above the enormous financial burdens that have been created by an embargo that has been unjustly prolonged and that require resources if basic and essential needs are to be met. It is nevertheless baffling and regrettable that the Commission has not taken these important facts into account in drawing up its budget, despite the fact that they relate to the lives of an entire people.

We request your personal intervention, in accordance with your responsibilities under the Charter, with a view to ensuring that the foregoing observations are taken into account, bringing a halt to the withholding of any amounts for so-called compensation payments and instituting a review of the budget of the United Nations Compensation Commission. We further request you to inform us of the disposition of the sum we have indicated above.

(Signed) Mohammed Said AL-SAHAF
Minister for Foreign Affairs
of the Republic of Iraq